Northern Mariana Islands Territorial Income Tax Information

State Abbreviation:	CQ
State Tax Withholding State Code:	CQ
Acceptable Exemption Form:	W–4
Basis For Withholding:	▶Federal Exemptions◀
Acceptable Exemption Data:	S, M / Number of Exemptions
TSP Deferred:	Yes
Special Coding:	None
Additional Information:	▶IR105, State Tax:
	Chapter 2, Wage & Salary Tax Formula, State Code CQ (State Tax 1)
	Chapter 7, Income Tax Formula, State Code 88 (State Tax 2)

Withholding Formula (Effective Pay Period 25, 2007)

1. Determine the annual Chapter 7 tax by using the Federal income tax formula. Refer to the **Federal Income Tax Withholding Formula** section under tax formulas on the NFC's Home Page (*www.nfc.usda.gov*).

2. Determine the Chapter 2 tax by multiplying the gross biweekly wages by 27 to obtain the gross annual wages.

3. Apply the gross annual wages from step 2 to the table below to determine the annual Chapter 2 tax withholding:

Estimated Annual Salary:		The Percentage Amount Is:
Over:	**But Not Over:**	
$ 0	$ 1,000	0.0%
1,000	5,000	2.0%
5,000	7,000	3.0%
7,000	15,000	4.0%
15,000	22,000	5.0%
22,000	30,000	6.0%
30,000	40,000	7.0%
40,000	50,000	8.0%
50,000	and over	9.0%

4. Divide the annual Chapter 2 income tax withholding by 27 to obtain the biweekly income tax withholding.

5. Subtract the Chapter 2 tax withholding amount (completed in step 4) from the Chapter 7 tax withholding amount (completed in step 1) to obtain the withholding amount. If the result is less than or equal to zero, the new Chapter 7 tax amount will be zero.

6. To determine the final tax amount, the employee must add the new Chapter 7 tax withholding amount (calculated in step 5) to the Chapter 2 tax withholding amount (calculated in step 4).◀